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SUBJECT: A/S KELLY DISCUSSES KOREA, BILATERAL RELATIONS
WITH PRC AMBASSADOR YANG JIECHI

CLASSIFIED BY: EAP A/S JAMES A. KELLY; REASONS 1.5 B, D.

SUMMARY

¶1. (C) A/S KELLY BRIEFED AMBASSADOR YANG JIECHI JANUARY 9 ON LATEST DEVELOPMENTS IN OUR APPROACH TO NORTH KOREA, PREVIEWED HIS UPCOMING TRIP TO THE REGION AND DISCUSSED OVERALL BILATERAL RELATIONS. ON KOREA, KELLY STRESSED U.S. TACTICAL FLEXIBILITY IN FOCUSING ON OUR KEY OBJECTIVE, WHICH WAS TO STOP THE DPRK NUCLEAR PROGRAM. HE WELCOMED CONTINUING COOPERATION ON CHINA'S PART TOWARD THAT END AND PROMISED TO BRIEF ON HIS SEOUL TALKS WHEN HE VISITS BEIJING NEXT WEEK. ON BILATERAL ISSUES, AMB. YANG PRAISED THE TEMPO OF U.S.-CHINA EXCHANGES IN THE COMING MONTHS WHILE REPEATING FAMILIAR CONCERNS ABOUT TAIWAN. YANG RAISED CONCERN ABOUT FALUNGONG LEGAL ACTIONS AGAINST JIANG ZEMIN IN THE U.S. AND WE RESPONDED WITH OUR OWN CONCERNS ABOUT HARSH JUDICIAL TREATMENT OF FALUNGONG ADHERENTS IN CHINA. END SUMMARY.

¶2. (C) AMBASSADOR YANG INVITED A/S KELLY TO BREAKFAST TO DISCUSS KOREA AND BILATERAL ISSUES ON JANUARY 9. COUNSELORS DENG HONGBO AND XIAO QIAN FROM THE CHINESE EMBASSY PARTICIPATED, AS DID EAP/CM DIRECTOR YOUNG (NOTETAKER).

DISCUSSION OF KOREA

¶3. (C) A/S KELLY BEGAN BY NOTING THE SECRETARY WAS PLEASED WITH HIS PHONE CALL THE PREVIOUS EVENING TO FM TANG JIAXUAN. THEY HAD A GOOD EXCHANGE ON KOREA AND BILATERAL RELATIONS. THE TWO HAVE BUILT A RELATIONSHIP OF TRUST AND RESPECT OVER THE PAST COUPLE OF YEARS THAT HAS PROVEN MOST HELPFUL IN RECENT MONTHS. YANG WARMLY AGREED WITH THIS ASSESSMENT. IN RESPONSE TO YANG'S QUERY, A/S KELLY MADE CLEAR WE ARE PREPARED TO HAVE SOME INTERACTION WITH PYONGYANG IN CONNECTION WITH STEPS BY THE NORTH TO END THEIR ENRICHED URANIUM PROGRAM AND BACK AWAY FROM REPROCESSING SPENT FUEL FROM THE YONGBYON REACTOR, RATHER THAN INSISTING THAT ALL THIS BE DONE BEFORE TALKS BEGIN. THE KEY POINT WAS TO BRING THE DPRK NUCLEAR WEAPONS PROGRAM TO AN END IN ALL ITS ASPECTS. NORTH KOREA WOULD WANT TO BRING OTHER ISSUES TO THIS DIALOGUE, YANG OBSERVED. AS TO THE NATURE OF ANY POSSIBLE SECURITY ASSURANCES, A/S KELLY NOTED OUR CITATION IN THE TCOG JOINT STATEMENT OF THE 1991 KOREAN BASIC AGREEMENT AND THE DENUCLEARIZATION DECLARATION. WE WERE PREPARED TO DRAW FROM THIS AND OTHER FORMULATIONS IN CONSIDERING THE NORTH'S DESIRE FOR SECURITY ASSURANCES. WE HAVE BEEN PLEASED BY THE IAEA'S ROLE IN ALL THIS. IF WE EXPERIENCE PROGRESS ON OUR CORE OBJECTIVES WITH THE NORTH, THERE WOULD BE NO NEED TO RUSH THE IAEA DECISION-MAKING PROCESS TO THE POINT OF THEIR TAKING THE ISSUE TO THE UNSC.

¶4. (C) AMB. YANG ASKED IF THE U.S. HAD RECEIVED ANY REACTION FROM THE NORTH TO ITS LATEST PROPOSAL ON CONTACTS. A/S KELLY INDICATED THAT A CRYPTIC BUT WORTHWHILE RESPONSE FROM THE DPRK HAD BEEN RECEIVED. YANG PRAISED PRESIDENT BUSH'S

STATEMENT CONCERNING NORTH KOREA. PYONGYANG IS DEEPLY ANXIOUS ABOUT THE POSSIBILITY OF A MILITARY THREAT. HE WAS NOT PASSING JUDGMENT ON THIS, MERELY OBSERVING THE FACTS. YANG ASKED IF THE U.S. MIGHT BE WILLING TO PROVIDE WRITTEN SECURITY ASSURANCES TO THE NORTH AT THE SAME TIME THAT IT PLEDGES TO DO WHAT WE WANT ON ITS NUCLEAR PROGRAM. A/S KELLY INDICATED THAT WE REMAINED FLEXIBLE IN HOW WE GOT TO OUR ULTIMATE GOAL OF A NONNUCLEAR KOREA. THE SOUTH'S PERSPECTIVE WAS IMPORTANT HERE. SEOUL DOES NOT WANT TO FACE A NUCLEAR-ARMED NORTH, WHICH WOULD PUT IT AT A MAJOR MILITARY DISADVANTAGE. JAPAN AND COUNTRIES IN THE MIDDLE EAST WERE ALSO QUITE CONCERNED BY THE POSSIBILITY OF A NUCLEAR DPRK.

15. (C) YANG INQUIRED ABOUT ROK NATIONAL SECURITY ADVISOR YIM'S VISIT TO WASHINGTON. A/S KELLY INDICATED THAT YIM HAD GOTTEN INTO MORE SPECIFICS THAN WERE COVERED BY DEPUTY FM LEE DURING THE TCOG TALKS. YIM WAS REFLECTING KIM DAE-JUNG'S DESIRE TO MANAGE THE REMAINING SEVEN WEEKS OF HIS ADMINISTRATION EFFECTIVELY AS REGARDS THIS PROBLEM. YIM HAD SEEN SECRETARY OF DEFENSE RUMSFELD, NATIONAL SECURITY ADVISOR RICE AND OTHERS. YANG ASKED ABOUT THE TIMING OF MR. KELLY'S TRIP TO SOUTH KOREA. A/S KELLY CLARIFIED THAT THIS TRIP HAD BEEN LONG PLANNED AS A CHANCE TO GET ACQUAINTED WITH THE NEXT ADMINISTRATION'S NEW TEAM, LED BY PRESIDENT-ELECT ROH MOO-HYUN. NATURALLY HE WILL DISCUSS LATEST DEVELOPMENTS WITH OUR ALLIES IN SEOUL. HE WOULD STAND READY TO BRIEF THE CHINESE ABOUT HIS TALKS IN SOUTH KOREA WHEN HE TRAVELS ON TO BEIJING NEXT WEDNESDAY. MR. KELLY LOOKED FORWARD TO GOOD EXCHANGES ON KOREA THERE. HE WAS TRYING TO MEET PEOPLE FROM THE PARTY'S INTERNATIONAL DEPARTMENT AS WELL AS FAMILIAR INTERLOCUTERS IN THE MFA. IN PARTICULAR HE INTENDED TO STRESS THE SERIOUSNESS OF NORTH KOREA'S THREAT TO REPROCESS SPENT FUEL, WHICH COULD YIELD A GREAT DEAL OF WEAPONS-GRADE MATERIAL IN A MATTER OF MONTHS. AMB. YANG SAID HIS GOVERNMENT WELCOMED THIS OPPORTUNITY.

BILATERAL RELATIONS

16. (C) YANG THEN TURNED THE DISCUSSION TO BILATERAL RELATIONS. REHEARSING UPCOMING VISITS TO CHINA BY MR. KELLY, U/S BOLTON AND POLICY PLANNER HAASS, YANG WELCOMED THIS TREND TOWARD MORE EXCHANGES. A/S KELLY RESPONDED THAT WE WERE DOING OUR PART. USTR'S ZOELLICK WOULD BE GOING OUT IN MID-FEBRUARY TO DISCUSS TRADE ISSUES. THE VICE PRESIDENT'S ADVANCE TEAM WAS ALSO GOING AFTER THE LUNAR NEW YEAR. AMBASSADOR FRANK TAYLOR, NOW ASSISTANT SECRETARY FOR DIPLOMATIC SECURITY, WAS INTERESTED IN GOING TO BEIJING TO CLEAR UP REMAINING ISSUES IN OUR PROPERTY NEGOTIATION (THE COCA TALKS) AND MR. KELLY HOPED THE CHINESE SIDE WOULD WELCOME THIS VISIT. AMB. TAYLOR'S REPLACEMENT AS COUNTER-TERRORISM COORDINATOR, COFER BLACK, WAS ALSO INTERESTED IN VISITING TO CONTINUE TALKS ON U.S.-CHINA COOPERATION IN THIS AREA. AMB. YANG PROMISED TO INFORM BEIJING OF THESE LAST TWO VISITORS, ADDING THAT "WE SHOULD BREAK THE DEADLOCK" ON OUR EMBASSY CONSTRUCTION NEGOTIATIONS.

17. (C) YANG INDICATED THAT BEIJING WOULD WELCOME A VISIT NEXT MONTH BY THE SECRETARY. A/S KELLY REITERATED THAT THE SECRETARY WOULD LIKE TO COME, IF HE IS ABLE TO GET OUT OF WASHINGTON TO ATTEND THE SOUTH KOREAN INAUGURATION IN LATE FEBRUARY. IF THE SECRETARY VISITED BEIJING, HE COULD SEE FM TANG, VICE PREMIER QIAN AND OTHER CHINESE LEADERS AS APPROPRIATE. YANG ASSURED US THAT HIS GOVERNMENT WOULD WORK HARD TO MAKE SUCH A VISIT A SUCCESS.

18. (8) TURNING TO TAIWAN, YANG REITERATED FAMILIAR CHINESE CONCERNS ABOUT THE U.S.-TAIWAN BUSINESS COUNCIL MEETING SCHEDULED TO TAKE PLACE IN SAN ANTONIO IN FEBRUARY. BEIJING WAS PARTICULARLY WORRIED THAT TAIWAN DEFENSE MINISTER TANG YAO-MING MIGHT ATTEND, AS WELL AS SENIOR USG OFFICIALS. CHINA WAS ALSO WORRIED ABOUT U.S. INVOLVEMENT IN TAIWAN'S HAN KUANG EXERCISE. PRESIDENT BUSH WAS OBLIGED TO RESPOND TO CONGRESS ACCORDING TO LANGUAGE IN THE DEFENSE AUTHORIZATION BILL ON THE FEASIBILITY OF VARIOUS DEFENSE PROGRAMS WITH CHINA. IF THESE ISSUES COULD BE SATISFACTORILY RESOLVED, YANG CONCLUDED, WE COULD MOVE ON TO MORE PRODUCTIVE ISSUES.

A/S KELLY REPEATED THAT OUR POLICY TOWARD TAIWAN HAD NOT CHANGED, AND THAT WE EMPHASIZED CONSISTENCY IN SUCH ISSUES.

¶9. (C) YANG THEN RAISED THE FALUNGONG CASE AGAINST PRESIDENT JIANG ZEMIN IN NORTHERN ILLINOIS DISTRICT COURT. ACCORDING TO THEIR INFORMATION, THERE WOULD BE A HEARING ON JANUARY 13.

THE PRC WAS STILL VERY MUCH CONCERNED ABOUT THE POTENTIAL OF THIS CASE TO DAMAGE U.S.-CHINA RELATIONS, YANG INDICATED. WHILE BEIJING APPRECIATED THE U.S. LEGAL SUBMISSION TO THE COURT, IT HOPED WE COULD DO MORE TO ENSURE THAT THE CASE WAS DISMISSED. YOUNG USED THIS OCCASION TO RAISE PRESS REPORTS THAT CHINA HAD RECENTLY SENTENCED FOUR FALUNGONG ADHERENTS IN XINING, QINGHAI TO SENTENCES OF UP TO TWENTY YEARS FOR THEIR ATTEMPTS TO INTERRUPT CHINESE TELEVISION BROADCASTS WITH PRO-FALUNGONG TAPES. WHILE THE U.S. ACKNOWLEDGES THAT SUCH ACTIVITIES ARE ILLEGAL, THE HARSH SENTENCES WILL UNDOUBTEDLY TRIGGER PROTESTS HERE IN THE U.S. OVER THIS DRACONIAN TREATMENT OF FALUNGONG IN CHINA. A/S KELLY SECONDED THIS CONCERN.

¶10. (C) CONCLUDING THIS REVIEW OF BILATERAL RELATIONS, A/S KELLY SAID HE LOOKED FORWARD TO A VIGOROUS SET OF EXCHANGES IN THE COMING MONTHS. A/S CRANER HAD BEEN PLEASED BY HIS TALKS IN BEIJING AND XINJIANG. THE GENEVA HUMAN RIGHTS CONFERENCE WAS COMING UP, BUT IT WAS STILL TOO EARLY TO PREDICT HOW THAT WOULD TURN OUT. YANG AGREED ON THE IMPORTANCE OF MORE EXCHANGES, AND HOPED THAT

MILITARY-TO-MILITARY RELATIONS WOULD REFLECT THIS SPIRIT AS WELL. YOUNG INDICATED THAT OSD WAS WORKING ON THE CHINESE PROPOSALS LAID OUT BY GENERAL XIONG GUANGKAI DURING LAST MONTH'S DEFENSE CONSULTATIVE TALKS.

¶11. (C) RETURNING TO KOREA, AMB. YANG EXPRESSED SOME CONCERN OVER ITEMS IN THE U.S. PRESS HE HAD SEEN THAT SUGGESTED CHINA WAS "SITTING ON THE FENCE," NOT DOING ENOUGH TO COOPERATE ON KOREA, OR HAD EVEN IN THE PAST ASSISTED PYONGYANG'S NUCLEAR PROGRAM. HE ASSURED A/S KELLY THAT CHINA SHARED THE SAME GOALS AS THE U.S. WHILE NOTING THAT THERE HAD BEEN SOME REGRETTABLE PAST HISTORY INVOLVING CHINA, PAKISTAN AND NORTH KOREA, A/S KELLY SAID THAT WAS NOW BEHIND US. HE AGREED WITH YANG'S LAST COMMENT, ADDING THAT BOTH OF US WANT TO PREVENT THE PROLIFERATION OF NUCLEAR WEAPONS TO NORTH KOREA. SPEAKING FRANKLY, YANG CONCLUDED, SOME OF BEIJING'S ACTIONS DO NOT SIT WELL WITH ITS "CLOSE NEIGHBOR" (I.E. NORTH KOREA), BUT THE FACT WAS THE PRC IS STILL COMMITTED TO MAKING THE KOREAN PENINSULA NUCLEAR FREE.

POWELL